



The Affordable Care Act: Establishing Illinois Insurance Exchanges

Public Comments

The American Cancer Society (ACS) and our advocacy affiliate organization, the American Cancer Society Cancer Action Network (ACS CAN) are in the business of saving lives, which means preventing cancer or finding it early, seeking new cures, and caring for those in treatment. Throughout the health care reform legislative process, we have used the “cancer lens” to focus our efforts on achieving specific goals within the legislation. Now, as we shift to implementing the law, we will continue to use the “cancer lens” to guide all of our recommendations.

The most desirable outcomes of the Illinois Exchange from the American Cancer Society’s perspective are one that is:

- **Available**
 - Easy to enroll – applications submitted by mail, phone, in-person, or online; and Medicaid-eligible applicants are seamlessly transferred to the Medicaid program
 - Adequate choice of coverage and providers
 - Standards inside and outside the exchanges should be the same
 - Examples of estimated total cost using common chronic diseases as developed by HHS
 - Grouping of plans beyond actuarial value, by standardized benefit plans
 - Explicitly allow Medicaid benchmark plans into the exchange
- **Affordable**
 - Efforts to guard against adverse selection
 - All insurers in the outside market must also offer plans in the exchange or products outside the exchange are offered at exchange level (same actuarial value)
 - Insurers may NOT offer only bronze catastrophic or young adult plans outside the exchange
- **Adequate**
 - Ability to make informed decisions about the benefits level
 - Essential benefits explained
 - Limits on benefits are identified
 - Additional benefits are identified
 - Exchange authorized to require greater standardization of benefits and cost-sharing within a coverage tier
 - Efforts to improve quality of care
- **Administratively Simple**
 - Coordination with existing state and federal programs

- Standardized appeals processes
- Regulatory tools
 - State has trained staff, audit authority, sanction and enforcement authority to effectively administer the law
 - Annual reports by the state on plan enrollment and enrollee profiles
- Transparency
 - Applications and plan descriptions be written in clear, concise language
 - Materials in multiple languages
 - Ability to narrow list of health care plan options
 - Ability to search for specific providers
 - Only requires minimum amount of personal data supporting documentation to determine eligibility

I. Functions of Health Benefit Exchange

Little is known about the potential federal Exchange, so it is difficult to weigh the risks and benefits of having Illinois operate its own Exchange or to defer to the federal Exchange. Therefore, Illinois should pursue the development of a state-run Exchange.

II. Structure and Governance

The most important concern regarding structure and governance is ensuring adequate consumer participation. The makeup of the board that designs and oversees the Exchange must have formalized and meaningful consumer representation. In addition, decision-makers in the Exchange should include other key stakeholders and beneficiaries.

Illinois should require all Exchange board meetings to comply with open meeting laws. Written agendas, information and data from the meetings should be available to the public. This improves transparency and oversight in all major Exchange decisions.

Finally, Exchange governance should exclude those with conflicts of interest due to a direct financial stake in the health system. This includes organizations and individuals representing hospitals, physicians, insurers, and brokers. The Exchange is a marketplace for health insurance options and should be neutral. Those who would profit from enrollment should not govern the Exchange.

III. The External Market and Addressing Adverse Selection

Give the Exchange the Authority to Act as an Active Purchaser

One of the goals of the Exchange is to provide consumers with health plan options that are affordable and high quality. To be able to meet this challenge, Illinois' Exchange must have the authority to negotiate with health insurers based on quality, premiums, and other factors. The Illinois Exchange should be able to limit participating health insurers based on price and quality of plans.

Guard Against Adverse Selection

Should Illinois establish a dual market for health insurance coverage, the same rules should apply to plans inside and outside the Exchange and plans sold outside the Exchange should be required to adhere to the same benefits, cost-sharing, patient protections, and market practices as plans within the Exchange. In addition, Illinois should prohibit brokers from steering enrollees to particular plans inside or outside the Exchange. Furthermore, Illinois should prohibit any of the low tiers of coverage – the most limited plans allowed on the market – to be sold outside the Exchange by insurers that do not also sell the same plan for the same price inside the Exchange. This will prevent insurers not participating in the Exchange from trying to attract healthier people using low-benefit options.

Create Strong Private Insurance Rules

An Exchange is only as strong as the private insurance rules that surround it and the enforcement of these rules. The Illinois Exchange should be built to ensure easy-to-understand private insurance options with strong consumer protections, therefore private insurance rules need to reflect those goals. Should Illinois allow the private insurance market outside the Exchange to operate under less stringent rules (beyond the issues of adverse selection) will undermine the success of the Exchange in the reorganizing market. Private insurance rules must require oversight and enforcement of fair treatment of people who purchase coverage – including ACA limits on premium rating, guaranteed issue, and guaranteed renewability. If Illinois does not effectively enforce these rules (or does not provide the appropriate entity with the authority to do so), the Exchange will not be able to function properly.

IV. Structure of the Exchange Marketplace

An Exchange needs to cover a significant share of people in order to hold down insurer costs. It is important to broaden – not carve up – insurance markets to provide the Exchanges with enough covered lives to be able to negotiate good prices and coverage with insurers. Illinois should not create regional Exchanges, but rather maximize the largest pool of enrollees possible by running a single Exchange. Combining the individual and small group markets is a good way to increase market clout and hold down costs. The combined market would create a stable risk pool that is attractive to major insurers, and will stabilize premiums in the individual market.

V. Self-Sustaining Financing for the Exchange

Funding for the Exchange's operations should be stable and secure and should not be subject to annual appropriations or approval by the legislature.

Financing the Exchange can impact adverse selection. By requiring all insurers, not just those that participate, to pay an assessment to fund the Exchange, Illinois can distribute the costs and provide incentive for insurers to join without increasing costs for insurers who do so.

VI. Eligibility Determination

There must be a seamless interface with the Exchange and public coverage (Medicaid, AllKids, etc). The overall principle governing the coordination between the Exchange and public coverage should be a “no wrong door” policy. No matter where a person initially applies, the state’s eligibility and enrollment system should ensure they sign up for the appropriate program. Many people will move between public coverage programs and the Exchange plans as their incomes fluctuate. Systems must be developed to make it easy for people to retain coverage during transitions.